§ 252(f) STATEMENTS OF GENERALLY AVAILABLE TERMS.

...

(2) STATE COMMISSION REVIEW.--A State commission may not approve such statement unless such statement complies with subsection (d) of this section and section 251 and the regulations thereunder. Except as provided in section 253, nothing in this section shall prohibit a state commission form establishing or enforcing other requirements of State law in its review of such statement, including requiring compliance with intrastate telecommunications quality standards or requirements.

Selected descriptions in the body of 96-325, FCC Interconnection Order in CC Docket No. 96-98:

579. We believe that section 251(c)(6) generally requires that incumbent LECs permit the collocation of equipment used for interconnection or access to unbundled network elements. Although the term "necessary," read most strictly, could be interpreted to mean "indispensable," we conclude that for the purposes of section 251(c)(6) "necessary" does not mean "indispensable" but rather "used" or "useful." This interpretation is most likely to promote fair competition consistent with the purposes of the act. (We note that this view is consistent with the findings of the Colorado Commission). Thus, we read section 251(c)(6) to refer to equipment used for the purpose of interconnection or access to unbundled network elements. Even if the collocator could use other equipment to perform a similar function, the specified equipment may still be "necessary" for the interconnection or access to unbundled network elements under section 251(c)(6). We can easily imagine circumstances, for instance, in which alternative equipment would perform the same function, but with less efficiency or greater cost. A strict reading of the term "necessary" in these circumstances could allow LECs to avoid collocating the equipment of the interconnectors' choosing, thus undermining the procompetitive purposes of the 1996 Act.

580. Consistent with this interpretation, we conclude that transmission equipment, such as optical terminating equipment and multiplexers, may be collocated on LEC premises. .... State Commissions may designate specific additional types of equipment that may be collocated pursuant to section 251(c)(6).

581. ... We find that section 251(c)(6) does not require collocation of equipment necessary to provide enhanced services. At this time we do not impose a general requirement that switching equipment be collocated since it does not appear that it is used for the actual interconnection or access to unbundled network elements.[footnote 1417] We recognize, however, that modern technology has tended to blur the line between switching equipment and multiplexing equipment, which we permit to be collocated. We expect, in situations where the functionality of a particular piece of equipment is in dispute, that state commissions will determine whether the equipment at issue is actually used for interconnection or access to unbundled elements. We also reserve the right to

> reexamine this issue at a later date if it appears that such action would further achievement of the 1996 Act's procompetitive goals. . . .
>
> > Footnote 1417 If switching equipment is located at the collocated space, generally the only equipment used for interconnection or access to unbundled elements is the cross-connect equipment. The switching equipment generally performs other functions.

AT&T and other parties have sought in this docket to achieve what has not yet been granted in an arbitration proceeding: the ability to collocate remote switches in Ameritech's end offices. This request goes beyond the specific requirements of the FCC's interconnection order. However, the FCC left both exemption for individual pieces of equipment and additional categories of equipment to the states and left open the possibility of collocation of switches to further the procompetitive goal of the Act. The reopenings the FCC left for itself and states under federal law provides a ready basis for a decision by this Commission based on both the Act and Wisconsin law. The Wisconsin legislature passed a similarly procompetitive piece of legislation called the Wisconsin Act. The following provisions were new under that legislation and apply directly to the collocation issue:

> **196.219(3)** PROHIBITED PRACTICES. A telecommunications utility may not do any of the following with respect to regulated services:
>
> (a) Refuse to interconnect within a reasonable time with another person to the same extent that the federal communications commission requires the telecommunications utility to interconnect. The public service commission may require additional interconnection based on a determination, following notice and opportunity for hearing, that additional interconnection is in the public interest and is consistent with the factors under s. 196.03(6).

So, the discretion the FCC has given the Commission can be exercised under the following Wisconsin statutory factors:

> **196.03(6)** In determining a reasonably adequate telecommunications service or a reasonable and just charge for that telecommunications service, the commission shall consider at least the following factors in determining what is reasonable and just, reasonably adequate, convenient and necessary or in the public interest:
>
> (a) Promotion and preservation of competition consistent with ch. 133 and s. 196.219.
>
> (b) Promotion of consumer choice.
>
> (c) Impact on the quality of life for the public, including privacy considerations.
>
> (d) Promotion of universal service.
>
> (e) Promotion of economic development, including telecommunications infrastructure deployment.
>
> (f) Promotion of efficiency and productivity.
>
> (g) Promotion of telecommunications services in geographical areas with diverse income or racial populations.

Staff Witness Richter testified that in addition to a legal analysis, the Commission should apply a public policy analysis to the issue of collocation, including the following four criteria:

- relative benefit/harm to incumbents and new entrants
- economic efficiencies
- technological efficiencies
- regulatory objectives

The Commission presents a legal and public policy analysis below and concludes that Ameritech should be required to accommodate some collocation of RSMs.

Using the six factors of s. 196.03(6), Wis. Stats., and the public interest as guidelines, the Commission is able to provide a more comprehensive decision on this issue in this docket than it has been able to exercise in other proceedings. For instance, a Commission ruling regarding a very large potential provider like AT&T should not be considered conclusive on of the issue for providers of all types and sizes and for entry into smaller service territories. Further, even a potentially large competitor will not likely be able to enter the local market with a ubiquitous overwhelming local market share, and thus at some central offices may physically configure its network more like that of a small provider. Even the arbitration panel decision cited by Ameritech witness Edwards at hearing acknowledges the efficiency of RSM collocation for market entry. The decision relies on the availability of entry options to deny AT&T's request. The only harm cited in the excerpt quoted in testimony is a potential to use up collocated space. On cross-examination, Edwards added that he had concerns for powering requirements and the central office (CO) environment. The concerns he expresses regarding RSMs could be equally valid for other equipment that is allowed for collocation, and therefore cannot be taken as completely counterbalancing the positive aspects of RSM collocation.

With regard to the criteria in s. 196.03(6), Wis. Stats., above, Witness Sherry for AT&T provides considerable testimony on the economic and technological efficiencies gained by collocation of RSMs. Such collocation avoids unnecessary transport of intra-office calls and allows remote testing of loops served with digital loop carrier systems. Witness Easter of US Exchange added that RSM collocation reduces a new entrant's cost of rapid service deployment using unbundled elements. Prominent among his points is avoidance of the cost of establishing a separate point of presence near each Ameritech central office.

RSM collocation generally allows parity of interconnection with Ameritech for service to its loops. While such parity is not required per se under the Act for collocation, such a discriminatory interconnection policy vis-à-vis Ameritech's interconnection of its own network components and its access to databases for call routing may be sufficient cause for Commission investigation and remedial action under Wisconsin law (s. 196.219(h), Wis. Stats.) This proceeding, with hearing, suffices as such an investigation.

The evidence presented in the record leads the Commission to believe that there are competitive benefits to RSM collocation which would produce positive results for factors (a) promotion of competition, (b) more rapidly introducing customer choice, (e) promotion of infrastructure deployment, (f) introduction of efficiency and productivity in telecommunications networks and (g) promotion of competition in more diverse locations by lowering the cost of entry. Further, the Commission is not aware of any reasons why items (c) impact on the quality of life for the public, and (d) promotion of universal service, would be negatively impacted by RSM collocation in a manner or to a degree separately identifiable from the general tension of competition with quality of life and universal service issues.

The Commission finds no conclusive federal prohibition of RSM collocation or a requirement of collocation of RSMs. Further, there is no prohibition of state discretion regarding this issue, and the Commission is not barred from application of Wisconsin law. Wisconsin law provides the underpinnings for the conclusion, based on evidence at hearing, that RSM collocation will overall provide a public benefit. This benefit derives fundamentally from economic and technological efficiencies that are achieved to promote market entry. Therefore, Ameritech's concern for availability of collocation space may be mitigated by limiting the RSM collocation to RSMs of small capacity. This would force entrants with significant market share in the CO service area to vacate central office space to establish nearby points of presence, thus making the space available to other entrants.

Ameritech shall allow collocation of RSMs of a capacity suited to market entry. Reasonable limits on collocated RSM capacity will be allowed in the tariffs, where such limits will not constrain market entry, are supportable by space, power or CO environmental limitations, and allow a reasonable accommodation of market share growth.

6. Provider of exchange access service

Access revenues constitute a significant portion of a local exchange carrier's total revenues. If competitors are unable to provide access services, and therefore do not have an opportunity to tap into this revenue stream, the competitor is unlikely to be able to succeed (see Exhibit 45). In the hearings, parties agreed on two basic access charge issues. The first was that if a toll call travels over Ameritech's access network, and terminates on the line-side port[1] serving an Ameritech customer, Ameritech charges access for that call. The second was that if a toll call travels over a CLEC's access network, and terminates on the line side port serving a customer of that CLEC, the CLEC charges access for that call. Parties do not agree on who gets the access charges for toll calls which travel over one company's access network and terminate on the line side port serving another provider's customer.

Under Ameritech's current offering, Ameritech believes it can collect access payments on all access traffic traveling over Ameritech's access network and terminating (placed) to a customer served by a line-side port purchased by a CLEC. (Such a call is shown by the line from

[1] The FCC uses the term "line card" to describe a line side port connected to a local loop serving an end user customer. The FCC also uses the term "trunk port" to describe the port to which an access network is attached. In actuality, such a trunk port would also contain a line card. Therefore, this order will use the term line-side port for the port serving an end-user customer, and trunk-side port for the trunk side connection used to connect either interexchange trunking, an access network, or a large end-user customers. This usage is consistent with the Ameritech tariff.

Ameritech's access network to Customer B in diagram 1 in Appendix C.) Under its current proposal, Ameritech also collects access payments on all access traffic traveling over a CLEC's access network and terminating to a line side port serving an Ameritech customer. (The line from the CLEC's Access Network to customer A in diagram 1 of Appendix C.) As a result, Ameritech gets access revenues in all cases where access services are provided jointly. Since access revenues represent the entire profit margin for many customers, as shown by Exhibit 45, any such arrangement is unreasonable. Accordingly, the Commission finds Ameritech's position regarding access charges unreasonable and discriminatory, and therefore in violation of § 251(c)(3). A reasonable position on access charges must provide some form of parity where portions of access service are provided both by Ameritech and by the competitor.

In testimony at the hearing, and later in comments on the draft order, a number of parties offered options for creating such parity. Most commenters offered variations on one of two options: either that access revenues flow to the competitor (whether Ameritech or a CLEC) that purchased (provided) the line-side port serving the customer, or that all access revenues flow to the provider of the access transport services.[2] The various options are discussed below.

Several parties proposed allowing the competitor purchasing the line-side port serving the end-user customer to charge all elements of access charges (including carrier common line charges, local switching, transport, etc.). Under such a scenario, if the call traveled over the Ameritech access network, Ameritech would charge the CLEC unbundled switching and transport, and the CLEC would charge the interexchange carrier (IXC) access charges. On a

[2] This position was not actually advocated by any party. It appeared mainly as a mischaracterization of the staff (and CompTel) positions that access charges should accrue to the provider of access services, on a service-by-service basis.

cursory view, this position appears to match that set forth by the FCC in its Interconnection order, and its order on reconsideration (quoted above), in that the purchaser of the line-side port and local switching is supposed to get access revenues. However, under the current Ameritech offering, on terminating access both the access provider and the competitor providing service to the end-user customer purchase line-side ports.[3] Further, the access provider pays for unbundled local switching for that call. Therefore, if access revenues are intended to accrue to the provider supplying local switching, defined as the line-side port and unbundled local switching, terminating access revenues should more probably go to the access provider, not the provider of the line-side port serving the end user. This is consistent with the current Ameritech tariffs for unbundled elements, and this Commission believes that this tariff is consistent with the current FCC rules and orders.

While the option to allow the provider of the line-side port serving the end user to collect all access revenues would eliminate a major problem with the Ameritech proposal--namely that Ameritech would have an unfair advantage through control of the access bottleneck--it would cause other problems. The most significant is that it will prevent the market from controlling access rates.

The line-side port proposal merely transfers the access bottleneck, it does not remove it. By requiring access revenues to follow the line card serving the end user, the proposal prevents toll providers from seeking cheaper alternatives for delivering toll calls to that customer. If access charges are a bottleneck, access providers have no incentive to reduce those charges.

[3] The line serving the end user would be connected to a line card in a line-side port. The access provider would purchase a line card in a trunk-side port.

Instead, the providers have an incentive to *raise* access rates as high as possible. The competitor must charge enough to their retail customers to cover their total costs, *minus the amount of revenue the provider gets from access charges.* The higher the competitor raises its access charges, the lower its retail rates and the more attractive the provider.

Traditionally, the only competitive pressure on access charges came through the threat of bypass: the toll provider would offer the customer lower toll prices if the customer would agree to accept a separate line for toll service, thereby avoiding (bypassing) the access charges. In the new competitive environment, however, many customers will get both toll service and local service from the same provider, and will therefore have no incentive to accept a bypass line. Under the line side port proposal, the FCC would probably be able to--and would need to--apply some form of control or caps to interstate access rates on all providers. The Wisconsin Commission, however, cannot rely on such controls. The Wisconsin Commission has limited control over access rates for Ameritech and GTE North, potentially limited jurisdiction over new CLECs, and no direct jurisdiction over the access rates of companies., such as AT&T and MCI, certified as carriers under s. 196.499, Wis. Stats. Furthermore, the Commission has a statutory mandate to rely on competition where possible and to the maximum extent possible, instead of regulatory solutions. That mandate makes the Commission even less willing to abandon market controls over access charges, and rely purely on regulatory controls.

Therefore, it is reasonable for the Commission to reject the proposal that access rates must accrue to the provider that supplies the line port to the end user.

CompTel offered an intermediate proposal, in which access revenues followed the provider of access services. While this is reasonable, CompTel then proceeded to argue that local switching could only be bought by the provider of the line-side port serving the end user. This appears to be inconsistent with the current Ameritech tariff, which charges monthly rates for trunk-side ports, plus unbundled local switching for calls coming from those ports. The Commission interprets the Comptel position to mean that such trunk-side ports are some form of shared resource. Such a definition would be inconsistent with FCC rules and orders, and the Comptel position, to the extent it relies on such an interpretation, is rejected.

The staff position would have called for access revenues for a given access element to accrue to the provider of that access element. Providers would be allowed to compete for terminating access services. Under such a proposal, all CLECs would have to be allowed to terminate access calls to any line-side port served by a switch on which the CLEC has bought unbundled trunk-side ports through which the CLEC has connected its access network. The CLEC would pay Ameritech for the unbundled ports, and would pay unbundled local switching for the call. Currently, Ameritech forbids CLECs from terminating access calls entering the switch through the CLEC's unbundled trunk ports if those calls would go to a line-side port used by Ameritech to serve an end user. Under staff's proposal, this Ameritech restriction would be considered an unreasonable restriction on a CLEC's ability to use the ports it purchases, and the prohibition would be eliminated.

Staff's proposal would result in Ameritech and the CLECs competing to provide terminating access services. Toll providers would be able to choose the access provider with the best quality for the best price, and route their terminating calls to that provider. Under such a proposal, the market would control both access price and the quality of access service. Further, providers would have an incentive to improve perennial problem areas, such as Carrier Access

Billing Systems (CABS) and routing problems. Under this alternative, the Commission would not need to apply regulatory controls to access rates. The market would perform that task.

However, the FCC, in its September 27, 1997, Order on Reconsideration, imposed the very restriction on the use of unbundled ports that staff proposes eliminating. The FCC stated that CLECs could not use unbundled port to originate or terminate toll calls for customers served by line-side port and loops over which the incumbent provides local service to an end-user customer. The Commission does not find itself in a position to overrule the FCC restriction at this time. Staff's proposal is therefore rejected. The Commission intends to notify the FCC, in a separate letter, of the problems caused by this FCC ruling. For the present, however, Ameritech will be allowed to retain its prohibition against CLEC purchasers of unbundled trunk-side ports using those ports to terminate toll calls to customers served by other providers. This prohibition will be an issue at hearing on any future filing of the Statement. At that time the Commission will consider any new FCC actions, or other relevant information.

The Commission therefore finds that the access revenues for any given portion of a toll call should accrue to the provider of that portion of the access services. The provider of the local loop should be able to recover the access charges related to that local loop. The provider of the non-traffic-sensitive portion of local switching, namely the line-side port, should be able to charge access to recover those costs. Traditionally, these non-traffic-sensitive costs have been recovered through the Carrier Common Line Charge (CCLC), charged per switched local access minute. The provider of local switching, which is defined in this case as the provider being billed unbundled local switching, should be able to recover the access charges related to local switching. Traditionally, switching costs have been recovered through the local switching 2

(LS2), information surcharge, and FGD blocking charges. The provider of transport services should be able to recover the costs of transport. Traditionally, transport costs have been recovered through the transport termination and transport facility charges, or through other, related charges. (One such related charge is the Residual Interconnection Charge, or RIC, which Ameritech is authorized to apply as an add-on to local switched access minutes to recover revenues foreclosed from recovery in restructured transport charges.) Diagram 2 in Appendix C shows the various portions of an access call, the traditional access rates related to those elements, and the comparable unbundled elements.

To give an example of the above, assume that TCG is providing a local loop and line-side port to an end user via unbundled elements. Ameritech is the incumbent LEC, and Ameritech provides an access network connecting the end office with the interexchange carrier (IXC) point of presence (POP). TCG also has an access network linking the end office and the IXC. The IXC, for this example, is AT&T.

Assume that a call originates from the TCG customer, and routes over the Ameritech access network to AT&T's POP. Ameritech would be charging TCG monthly charges for the local loop and unbundled port (for the line-side port). Therefore, TCG would charge AT&T CCLC charges (or the equivalent) for the local loop and line-side port. At present, Ameritech would not charge unbundled local switching for this call, but would handle the switching itself.[4] Therefore, Ameritech would charge AT&T local switching (LS2) and other switch-related access

[4] If Ameritech were to charge unbundled local switching (ULS) to TCG for toll calls originating over TCG line cards, and carried on the Ameritech access network, then TCG, rather than Ameritech, would charge local switching to AT&T, the IXC in this example. Such an outcome would also be acceptable. Ameritech can choose whether or not to charge ULS, but may not charge both ULS and local switching from the access tariff.

charges. Ameritech would also provide the transport, so Ameritech would charge AT&T the appropriate transport-related access charges.

Alternatively, assume the call originates from the TCG customer, and routes over the TCG access network to AT&T's POP. Ameritech would be charging TCG monthly charges for the local loop and unbundled port (for the line-side port.) Therefore, TCG would charge AT&T CCLC charges (or the equivalent) for the local loop and line-side port. Ameritech would charge unbundled local switching for switching the call from the TCG line side port serving the end user to the trunk port to which TCG's access network is connected. Therefore, TCG would charge AT&T local switching (LS2) and other switch-related access charges. TCG would provide the transport, so TCG would charge AT&T the appropriate transport-related access charges.

If the call were terminating, that is, coming from elsewhere over the AT&T network, and being placed to the TCG end-user customer, then the charges would depend on whether AT&T had chosen to route the call over Ameritech's access network or over TCG's access network. If the call were routed over Ameritech's network, Ameritech would provide transport and switching, and Ameritech would bill AT&T the appropriate transport and switching access charges. TCG would bill AT&T CCLC (or equivalent charges) for the local loop and end-user line-side port.

If, alternatively, AT&T choose to send the terminating call over TCG's access network, then TCG would bill AT&T for transport. Ameritech would bill TCG unbundled local switching for connecting TCG's trunk port (to which TCG's access network is attached) to the line-side port (to which the loop serving TCG's end user customer is attached), and TCG would bill local switching access charges to AT&T. TCG would also bill AT&T CCLC (or the equivalent).

The Commission is not dictating, in this proceeding,[5] the type or form of access charges the CLECs can charge. For example, a CLEC providing a local loop and line-side port to an end user could choose to charge a single CCLC for both costs, or separate charges for loop and line-side port. (These charges could be assessed per minute, per call, or on some other basis, at the CLEC's option.) Likewise, the CLEC could choose not to charge for access for a given element. The Commission is merely delineating in which circumstances a CLEC is entitled to charge for the access rate elements.[6]

A necessary corollary to the above decision is that Ameritech cannot charge access rates for elements for which competitors are entitled to charge access. For example, if Ameritech is carrying an access call which terminates on a line-side port and local loop purchased by a competitor, then Ameritech cannot charge CCLC for that call. The competitor purchasing the line-side port and loop is the only entity entitled to charge CCLC or equivalent charges for calls places over that line-side port and loop. Likewise, if a competitor is providing transport services for a particular call, Ameritech cannot also charge access transport for that call.

[5] The Commission has reserved jurisdiction to regulate access and interconnection rates for CLECs, where legally possible. The extent to which the Commission should or will exercise that jurisdiction is at issue in the level of regulation of new entrants phase of docket 05-TI-140. The Commission is currently drafting an order on that and other issues: that draft order will be circulated for comments in the coming months.

[6] Likewise, the Commission makes no findings regarding the residual interconnection charge (RIC), which was established by the FCC as a transitory mechanism to recover the revenue streams previously associated with transport, and lost due to the transport restructure that occurred when the constraint contained in the modified final judgment (which broke up AT&T) expired. Given that competitors have the ability to set their own charges, and are not under the regulatory constraints or have the rate history that justified the RIC, the Commission sees no reason that competitors would need to charge such a charge. Instead, the Commission expects the competitors to create economically rational, market-driven access price structures. Further, the Commission notes that the RIC is a federal charge over which the Wisconsin Commission has no jurisdiction, and that the Commission has never approved an intrastate version of the charge.

Implementation of the Commission's decision will also require Ameritech to provide additional detail on calls placed to and from a line side port purchased by a competitor. To enable the billing of CCLC-like charges, detail would include full access detail for all calls originating from, and terminating on, a line-side port and local loop. Ameritech may charge a reasonable, cost-based charge for this service. If so, however, that charge should not apply to competitors that do not request that information, either because the competitor chooses not to charge the access charge, or because the competitor is able to obtain the required information through other means.

In the above section, the order uses the term "CLEC" or "competitor" to refer to the purchaser of unbundled network elements. This should not be read to limit the purchase of unbundled elements, or the use of unbundled elements to provide access, to those entities certified as "CLECs" under s. 196.01(1d)(f) and 196.203, Wis. Stats. Unbundled elements may also be purchased and used by "resellers" certified under 196.01(1d)(c) and 196.203, Wis. Stats., by "carriers" certified under 196.499, Wis. Stats., and by "LECs" certified under s. 196.50, Wis. Stats.

7. Usage development and implementation charge

This issue was addressed in the hearings held between March 31, 1997, and April 3, 1997. An Ameritech witness testified that this charge was based on costs incurred to reprogram switching and billing systems to provide data needed for unbundled elements. However, this charge is to recover costs that are isolated and charged only to competing providers. It is almost like creating a rate element called "Cost Study Development" to make new entrants pay for the cost of developing rates for all unbundled elements because Ameritech did not need to incur these costs until it was required to set unbundled rates. However, like cost studies, it is discriminatory to make only competing providers responsible for this cost. Such costs should be included in each associated unbundled rate element and spread over all usage in a competitively neutral manner. Accordingly, it is reasonable for the Commission to conclude that costs for usage development and implementation should be reflected in the associated unbundled rate elements and not reflected as a separate charge. In a future Statement, Ameritech may revise its unbundled rates to reflect this cost.

Commissioner Eastman dissents.

vii. Nondiscriminatory Access to 9-1-1, Directory Assistance, and Operator Services

1. Ameritech's terms, conditions, and/or charges must be adjusted so that new entrants' 9-1-1 service costs can be recovered in a manner not disadvantageous to new entrant companies.

In its January 10, 1997, and March 3, 1997, filed Statements, Ameritech submitted its Emergency Number Service Access (ENSA) tariff. There is no known tariff solution and no other immediate solution that can completely equalize 9-1-1 cost recovery between Ameritech and its local competitors. This is because the 9-1-1 service that is being assessed on local phone bills is that purchased by the local government, generally the county. The 9-1-1 contracts were made with the incumbent LECs serving in the area at the time of signing. The only way to fully equalize the cost recovery is to get the new LECs into the 9-1-1 contracts. It is not within Ameritech's nor the Commission's authority to force this type of contract amendment. Of course adding these new parties to the contract will increase 9-1-1 costs overall in an area, so local authorities may not be welcoming them to the table. When 9-1-1 contracts are renegotiated, these issues will need to be addressed.

Rates for ENSA were set for equivalence with Ameritech county contract rates. ANI/ALI/SR and Database Management charges are reduced from groups of 1,000 lines served at $100.00 per month with a nonrecurring charge (NRC) of $1,880.00 to groups of 100 lines at $10.00 per month with no NRC. These rates should result in competitive local carrier costs on a per-access-line basis comparable to Ameritech's in any given county where the carrier has customers. While this does not eliminate the potential for some higher costs than Ameritech, especially where significantly less than 100 lines are served across a 9-1-1 service area, this is a significant improvement over the 1,000 line minimum charge. The Commission accepts this tariff as meeting the intent of this requirement.

viii. White Pages Listings

1. *The Commission rejects both staff's proposed mechanisms regarding addressing excess Yellow Pages profits. No adjustment is required on this issue in the first order.*

2. *Ameritech must revise its offering to competitors to include availability of additional listings, customer services information pages, foreign directories, additional directories, and other services at a rate no more than cost plus a reasonable markup.*

In its January 10, 1997, filing, Ameritech challenged this requirement with an opinion written by the law firm of Foley and Lardner. That opinion explained that additional listings and other directory services are not "telecommunications services" covered by the Act and that the Commission's requirement was not necessary to ensure compliance with the 14-point checklist of the Act. While state commissions can enforce requirements of state law that are not in conflict with the Act, the opinion stated that the Commission lacks the authority to regulate directory offerings under Wisconsin law. In support of that opinion, it states that Ameritech Wisconsin is a price regulated utility under which the Commission has authority over only the prices of basic local exchange services.

The Commission determined that directories are not included within the definition of basic local exchange services as provided in s. 196.01(1g), Wis. Stats., nor has the Commission found it to be part of the services that may be included under price regulation per the procedures described in s. 196.196(1)(a)(2), Wis. Stats.

Staff's memo on this issue explained that Commission authority fell under the statute section, Protection of Telecommunications Consumers, s. 196.219, Wis. Stats. The evidence was that Ameritech chose to charge $19.80 annually for an additional listing that costs only $0.60 according to its cost support. While Ameritech's own retail department has a cost of $0.60, a CLEC would have a cost of $19.80 to provide additional listings. Staff cited s. 196.219(4d), Wis. Stats., under which the Commission can order a telecommunications utility to cease offering a service that creates an unfair trade practice or method of competition. The Commission found this did not constitute pricing authority over directories.

The Commission determined that the creation of the above requirement was not necessary to ensure compliance with the 14-point competitive checklist of the Act. The Commission determined that it would limit its consideration in the area of white pages listings to meeting the requirements of the 14-point competitive checklist of the Act and not impose a state requirement in this area of questionable state Commission authority. Accordingly, the Commission determined it would eliminate this requirement.

Chairman Parrino dissents.

3. *Each Ameritech directory must include the listings for all competitors in exchanges for which it lists the incumbent's customers, including EAS and ECC customers, when listed.*

Ameritech's January 10, 1997 and March 3, 1997, Statements clarified that it will include competitors listings for any exchanges in which it lists the incumbent's listings. This complies with the above requirement.

ix. Nondiscriminatory Access to Telephone Numbers

1. *No adjustment is required on this issue in the first order.*

x. Nondiscriminatory Access to Databases and Signaling for Call Routing

1. *Ameritech must state, in its tariffs, that denial of a bona fide request due to technical infeasibility may be referred to the Commission.*

Ameritech's January 10, 1997, Statement included this explanation in the Statement but not the tariffs. The Commission reaffirmed that the explanation must be included in tariffs. Ameritech's March 3, 1997, Statement included this explanation in tariffs.

2. *Ameritech must provide to its competitors the same level of assistance with LERG entries that it provides to small LECs.*

Ameritech's January 10, 1997, and March 3, 1997, Statements clarified that it will provide this assistance. Since the assistance to small telephone companies is not tariffed, no tariff changes are required.

xi. Interim Number Portability

1. No adjustment is required on this issue in the first order.

2. Ameritech's offering must be revised to state Ameritech will accumulate records of its long-run economic costs to be recovered when a cost recovery mechanism is developed.

Along with Ameritech's January 10, 1997, and March 3, 1997, Statements, Ameritech submitted tariff changes that comply with the Commission's requirement by stating that Ameritech will record its costs of providing this service until the FCC adopts a competitively neutral mechanism for recovery.

xii. Access to Services and Information to Implement Local Dialing Parity

1. No adjustment is required on this issue in the first order.

xiii. Reciprocal Compensation Arrangements

The Commission's first order indicated that all concerns related to reciprocal compensation were addressed elsewhere, such as in the discussion of nondiscriminatory access to unbundled elements that addressed all pricing issues.

xiv. Telecommunications Services Available for Resale.

1. Ameritech must revise its resale rates using the best available data and using the costing methods and financial adjustments described in the Findings of Fact of the Commission's December 12, 1996, order in this docket.

Ameritech hired the accounting firm, Arthur Andersen, to identify the activity that was recorded to account 6623, Customer Services. Arthur Andersen prepared an analysis by business unit from codes maintained by Ameritech's accounting system. For most business units, the entire cost associated with the business unit could be identified as either avoided or continuing in a 100 percent wholesale environment. The Arthur Andersen analysis left $25 million dollars in the business unit, Network Services, to be classified as to whether the costs would continue in the wholesale environment or not.

Ameritech's January 10, 1997, Statement included almost all of the above-described $25 million, plus additional costs related to providing services in a wholesale environment, as continuing in the wholesale environment. Ameritech stated this calculation would support an overall discount of 15.8 percent, but that it would continue to use the 17.9 percent overall discount from the original filing. The Commission finds that a larger portion of the $25 million of network services costs should be considered to be avoided in the wholesale environment. As Ameritech had previously identified revenues to be a cost-causative allocator for the costs in question, it is reasonable to use revenues as a cost-causative basis for determining the portion of costs that would continue in the wholesale environment. The Commission considered the estimation of additional costs and judgment in allocating costs in determining that an overall discount of 18.6 percent applied to all telecommunications services is a reasonable wholesale discount.

As discussed in resale adjustment number 8 below, when no discount is applied to individual contract basis sales, the overall discount on the remaining telecommunications services is 19.4 percent. Ameritech's March 3, 1997, Statement complies with the requirement for a 19.4 percent overall discount.

2. *The discount must be applied uniformly to all services in a family unless an exception is granted. Exceptions must be supported by a showing that the ratio of LRSIC costs which are avoided to the total LRSIC costs for the service is significantly different than the average of LRSIC costs which are avoided to average total LRSIC costs for all services, or some verifiable systematic method to assure variations are reasonable.*

In its January 10, 1997, and March 3, 1997, Statements, Ameritech applied the discount uniformly to all families of services.

3. *(a) Ameritech shall modify its tariff to allow resellers to aggregate usage for the purpose of applying volume discounts. Residential volume usage discounts will be applied on a per end-user customer basis.*

In its investigation of resale restrictions in docket 05-TI-143, which was in process when Ameritech filed its initial Statement, the Commission found that the ability to aggregate usage for the purposes of receiving volume discounts was critical to a reseller's ability to compete. In applying this principle to this docket, the Commission determined that a reseller should be able to aggregate all of its business customers' local traffic for the purpose of applying the volume discounts, as opposed to applying the discounts on a business customer by business customer basis. In preventing such aggregation, Ameritech was creating an unreasonable restriction on resale.

The Commission did not apply this rationale to residential service, since the pricing structure for residential service is markedly different than business service.

In its January refiling, Ameritech challenged the Commission decision on this matter. Ameritech restated many of the arguments it had made in its first filing, and in docket 05-TI-143. The Commission reaffirmed its previous ruling in its February 20, 1997, oral decision. Frontier commented that Ameritech's tariff language is still ambiguous with regard to aggregation of a reseller's customers' call volumes. The Commission agrees, so Ameritech needs to revise this tariff language to further clarify the reseller account aggregation for application of usage volume discounts.

3. (b) Ameritech must reduce the charges for all nonrecurring costs to no greater than cost plus a reasonable markup.

In a separate proceeding (docket 05-TI-143), the Commission found the increase in certain nonrecurring charges for CENTREX service to create an unreasonable barrier to resale of those services, and therefore a barrier to effective competition. That docket was proceeding at the same time that Ameritech filed its initial Statement. As a result of the order issued in docket 05-TI-143, the Commission made the finding, in its first order in this docket, that all nonrecurring charges must bear a reasonable relationship to their underlying costs. Nonrecurring charges of the type at issue in docket 05-TI-143 would be considered unreasonable, and could be grounds for rejection of the Statement.

In subsequent filings, and in response to data requests, Ameritech provided information on the costs underlying its nonrecurring charges. No other cases of significant mismatches were discovered.

In its comments on the January filing, MCI argued that the cost studies were understated because they included costs for manual support operations. MCI argued that such tasks should be automated. Such automation would reduce the costs, which would have the effect of raising the margin inherent in nonrecurring charges. The Commission considered the MCI comments, but found that no evidence that the revised cost studies would result in margins which would be unreasonable. No further action on this issue is required.

4. (a) All terms and conditions of resale must be included in tariffs, including operations system support and performance benchmarks.

In its January 10, 1997, Statement, Ameritech included language in the tariff that referred to the Statement for terms and conditions of resale. The Commission determined that the terms and conditions needed to be incorporated into the tariff itself. In its March 3, 1997 filing, Ameritech has incorporated the necessary language in its tariffs.

4. (b) Ameritech's tariff must provide that copies of performance and parity reports will be provided to customers of unbundled and wholesale services as a condition of service, unless waived by the customer.

In its January 10, 1997, Statement, Ameritech included language in the tariff that referred to the Statement. The Commission determined that the terms needed to be incorporated into the tariff. The March 3, 1997, filing made this change. At hearing, however, it became clear that staff's prior request for customers receiving parity reports to also receive a report of Ameritech's affiliates' report was not going to be honored. Other parties also entered testimony that parity reporting should include such affiliate results so they can assess parity with Ameritech's affiliate with whom they must compete. Ameritech objects to providing information that would be competitively sensitive to these other parties. Staff suggested that combining results for all affiliates may mask the results for any one affiliate, however that effect was not established in the hearing record.

To meet the needs of the parties to assess parity without disadvantaging Ameritech Communications Inc. (ACI), the report for ACI should be provided, but competitively sensitive actual results may be converted to relative figures for comparison such as percentages or another substitute appropriate for the performance measure shown. However that information is shown, the report recipient should see its own results, Ameritech's results, and those of all non-Ameritech customers, in the same substitute format in addition to the actual result format Ameritech has already agreed to provide.

5. Ameritech's offering must be revised to include discounted prices for resold grandparented and sunsetted services.

In Ameritech's January 10, 1997, Statement, this modification was made in the Statement, but not the associated tariff. The Commission determined the modification must be made to the tariffs. In its March 3, 1997 filing, Ameritech has incorporated this language in its tariffs.

6. Ameritech's offering must be revised to allow unlimited transfers of grandparented and sunsetted services to new providers, so long as the customers remain otherwise eligible for the offering.